

Dominion Energy

Response to SC PSC Request – Up Front Cash Sensitivity Analysis *November 2018*

Up-front cash sensitivity analysis

Comparison of Plan B-L with portion of cash up-front

Analysis developed in
response to Commissioner
request on 11/21

- The following sensitivity scenarios compare the typical monthly residential bill in Plan B-L to alternative scenarios that include an up-front cash payment
- We have compared 3 additional scenarios based on Plan B-L ratemaking assumptions with varying levels of cash to customers up-front, ranging from \$250 per customer up to \$750 per customer

Plan	Cash / Average Residential Customer	Estimated Typical Residential Bill in Year 1
Plan B-L	\$0 (Plan B-L)	\$125.26
Hypothetical Scenario A	~\$250	
Hypothetical Scenario B	~\$500	
Hypothetical Scenario C	~\$750	

- As reference, please see Appendix A for a summary of ratemaking assumptions under each proposal

Appendix A

Dominion Energy Summary of Customer Benefit Plans

Assumptions

The combination of assumptions below are necessary to preserve the merger economics under each scenario and enable closing of the merger. For example, under Plan B-L the NOLC assumption is \$1.5B and the corresponding DTA assumption is \$574M. Any change in these amounts could alter the merger economics in a way that would prevent closing of the merger

	Plan A	Plan B	Plan B-L
Rate base - \$M	\$3,327	\$2,772	\$2,768
NOLC - \$M	\$1,994	\$1,500	\$1,500
DTA - \$M	\$763	\$574	\$574
Amortization	20 years	20 years	20 years
Capitalization (Equity / Debt)	52.81%/47.19%	52.81%/47.19%	52.81%/47.19%
ROE	10.25%	9.90%	9.90%
Debt	5.85%	5.56%	5.56%
Up-front cash to customers (total) - \$M	\$1,300	\$0	\$0
Up-front cash to average residential customer	~\$1,000	\$0	\$0
Typical residential customer monthly bill – Year 1	~\$137	\$126.96	\$125.26
Typical bill-reduction (relative to pre-experimental rate)	~7%	~14%	~15%
Total refunds to customers - \$M	<ul style="list-style-type: none"> ▪ \$575 refunds over ~8 years 	<ul style="list-style-type: none"> ▪ \$1,910 total refunds: <ul style="list-style-type: none"> – \$1,030 over 20 years – \$880 over ~10 years 	<ul style="list-style-type: none"> ▪ \$2,039 total refunds: <ul style="list-style-type: none"> – \$1,032 over 20 years at fixed schedule – \$1,007 over ~11 years
Levelization	NND bills decline further after year 8	NND bills decline further after year 10	NND bills flat for 20 years

Note: Assumptions already presented within Confidential Exhibit PP-3 and are aggregated here for ease of reference